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# Farm tenure in Iowa: I. Tenancy problems and their relation to agricultural conservation

Rainer Schickele  
*Iowa State College*

Charles A. Norman  
*Iowa State College*

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Bulletin 354

# Farm Tenure in Iowa

## I. Tenancy Problems and Their Relation to Agricultural Conservation

BY RAINER SCHICKELE AND CHARLES A. NORMAN

AGRICULTURAL EXPERIMENT STATION  
IOWA STATE COLLEGE OF AGRICULTURE  
AND MECHANICAL ARTS

R. E. BUCHANAN, *Director*

AGRICULTURAL ECONOMICS SUBSECTION  
RURAL SOCIAL SCIENCE SECTION

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.  
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ADMINISTRATION

Cooperating



AMES, IOWA

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## FOREWORD

We wanted to know more about farm tenancy: what it was doing to the farm land of Iowa and to our farm families; and, more important, what might be done to correct the misuse of land and to improve the impoverished community life associated with farm tenancy.

We decided, inasmuch as the farmers who were serving on the County Agricultural Conservation Committees were peculiarly well qualified to advise and counsel us in this inquiry, to contact these committees. Mr. R. M. Evans, state chairman, gladly opened the door and on our behalf he invited 28 of the committees to work with us. (The 28 counties had been carefully selected so that an adequate cross section of the state would be obtained.)

This bulletin is a summary of the discussions which were held with the 28 committees. It is a record of their contribution. It points out the more obvious faults of our present tenancy system and some of the steps that need to be taken in order to correct these faults. The observations and suggestions which the committees made are those of practical men: farmers who have neither a landlord nor tenant bias but who see that both will gain from a better tenancy system, and that the community as a consequence will be a distinctly better place in which to live.

The bulletin cannot reflect adequately the cooperative attitude and keen interest which these committees have taken in this study.

THEODORE W. SCHULTZ,  
Head, Agricultural Economics.



# Farm Tenure in Iowa<sup>1</sup>

## I. Tenancy Problems and Their Relations to Agricultural Conservation

BY RAINER SCHICKELE AND CHARLES A. NORMAN

Farm tenancy has reached an all-time high in Iowa. Half of all farms are tenant-operated, ranging from 32 percent in Dubuque County to 67 percent in Osceola County, according to the 1935 Census. This increase in tenancy is not a recent development. Tenancy in Iowa has been increasing steadily since 1890, the first year for which fairly complete farm statistics are available (see figs. 1 to 7). Of the 28 county committees consulted,<sup>2</sup> 13 anticipate a further increase in tenancy in their counties in the near future.

It is common knowledge that tenant farms are, on the average, more heavily cropped, are subject to more erosion, more soil depletion and deterioration of buildings and other improvements than owner farms in the same community. This is not necessarily because tenants, as a group, are inferior farmers, but because our system of tenancy, our leasing practices and the commonly prevailing landlord-tenant relationships are of such a character as to discourage the adoption of good farming and soil conservation practices on rented farms. A long-time program for Iowa agriculture, therefore, must recognize this resistance which soil conservation encounters in the tenancy system and take steps to correct at least its more obvious faults.

### MOBILITY OF TENANTS

The frequent moving of tenants, the lack of security of tenure on the farm, is the most serious handicap to the adoption of soil conservation practices on rented farms. It is only natural that the tenant under such conditions is chiefly interested in getting out of the land as much as he can each year, putting back into the land as little as possible. The landlord, strangely enough, often has the

<sup>1</sup>Project 375 of the Iowa Agricultural Experiment Station.

<sup>2</sup>The following counties, selected for their representativeness and because they are widely scattered over the state, have contributed to this study: Benton, Calhoun, Cass, Cherokee, Clay, Crawford, Dallas, Decatur, Des Moines, Dubuque, Emmet, Fayette, Franklin, Fremont, Grundy, Hamilton, Kossuth, Mitchell, Osceola, Poweshiek, Scott, Sioux, Taylor, Union, Wapello, Warren, Washington and Winneshiek. Mr. J. Lloyd Spaulding co-operated in taking the records of the interviews and in preparing the summary of the discussions.

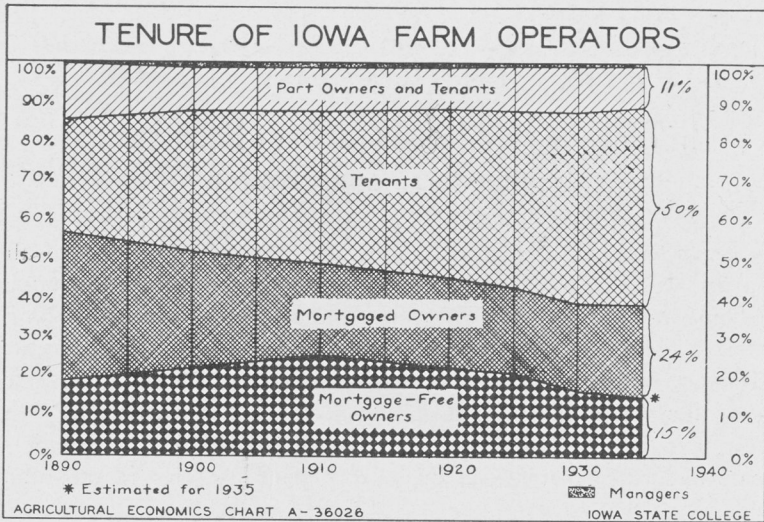


Fig. 1. Tenure of Iowa farm operators, 1890-1935. (Source: U. S. Census.)

same attitude. Much grain, little grass, erosion, weeds and neglected buildings are all too often the result.

#### HOW FREQUENTLY DO TENANTS MOVE IN IOWA?

There is considerable variation in the mobility of tenants. The county committees estimated that about 15 percent of all tenants in Iowa move *every year*, ranging from 3 percent in Dubuque and Calhoun counties to 35 percent in Taylor County. The average residence of 2 to 4 years is indicated for 47 percent of all tenant farms, varying from only 5 percent in Osceola and Hamilton counties to 80 percent in Washington and Clay counties. Tenants staying 5 or more years make up 38 percent of all tenants. The average number of years tenants stay on one farm is around 4 years.

The 1935 Census discloses that over one-third of all tenants were on the same farms for only 1 year or less. This means that during the winter of 1933-34, one-third of all tenants, or 37,000 families, moved. (See fig. 8.) This figure indicates that the county committees' estimates of tenant mobility are rather conservative. With an average of one move in every 4 years, 25 percent of all tenants would be expected to move any specific year. It is quite conceivable, however, that more tenants moved in 1933-34, than for instance in 1935-36.

These figures do not tell the whole story. Many of the tenants who stay 4 to 5 years or more never know from one year to another whether they can stay the next year. Their crop and livestock programs accordingly are planned on strictly 1-year bases. They cannot afford to go into long rotations with much grass and legumes and to expand their livestock. A long stay on one farm, therefore, does not necessarily mean security of tenure, and it is the latter that counts in soil conservation.

The cost of such frequent moving is tremendous. For the tenant it involves the wear and tear on machinery and household equipment, losses of feed and livestock, cost of transportation and other moving expenses. The landlord carries the insidious loss resulting from the deterioration of land and improvements trailing in the wake of a shifting tenantry. The community suffers from stagnation in its economic, social and cultural development.

#### REASONS WHY TENANTS MOVE

What causes so many of our tenant farmers to move so frequently? Some degree of mobility is undoubtedly necessary in order to insure the working of two important processes: the weeding out of the inefficient tenant, and the adjustment of farm size, land quality and social environment to the needs of the tenant and his family. These highly desirable processes, however, require a much lower turn-over of operators on rented farms than we have been witnessing in recent years.

It would seem that the responsibility for the excessive mobility of tenants rests ultimately with the landlord, for he determines under what lease terms the farm is to be rented and what kind of tenant is to operate the farm. But many landlords act according to custom, or are under financial pressure, or do not know enough about farming to manage their farms effectively. They cannot be blamed individually, just as the shifting tenants cannot be blamed for not taking proper care of the land, so long as they are not granted a reasonable degree of security of tenure.

There are a great many reasons why tenants move frequently. It is hardly possible to enumerate all of them, or to rank them in the order of importance, as some causes are more important in one locality than in another. Here are some of the more common reasons as they have been pointed out by the county committees

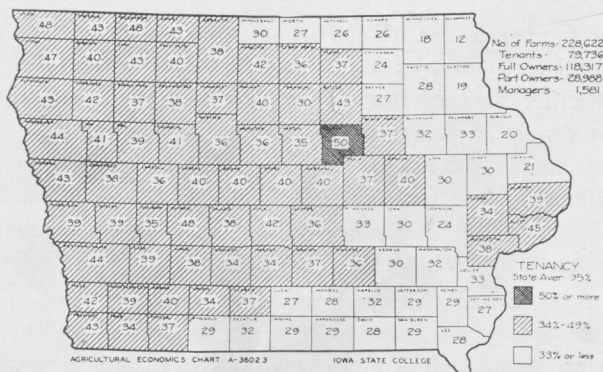


Fig. 2. Percentage of all farms operated by tenants, 1900.  
(Source: U. S. Census.)

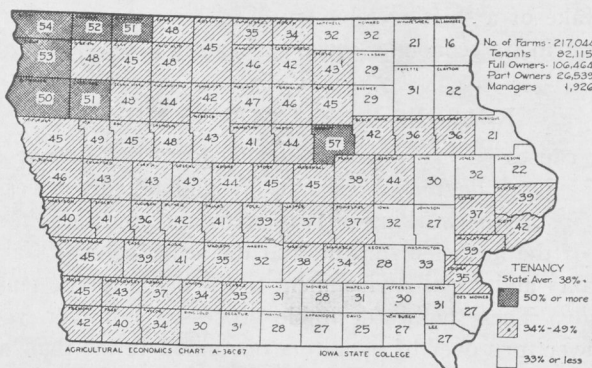


Fig. 3. Percentage of all farms operated by tenants, 1910.  
(Source: U. S. Census.)

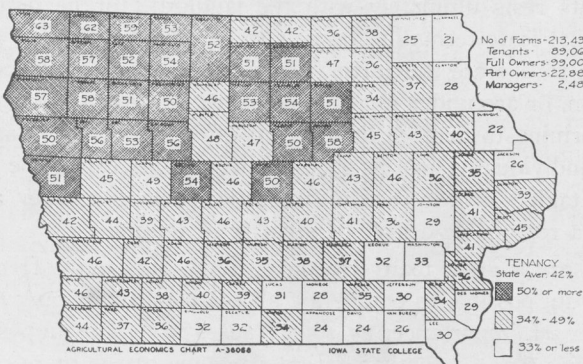


Fig. 4. Percentage of all farms operated by tenants, 1920.  
(Source: U. S. Census.)



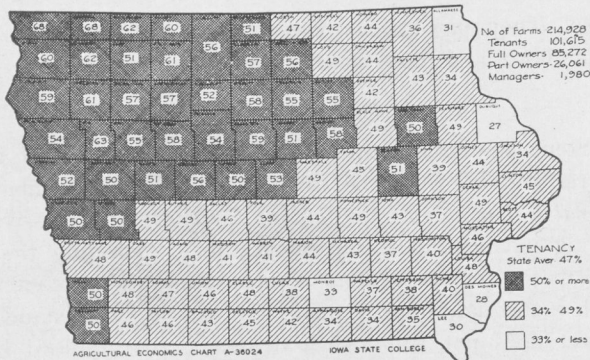


Fig. 5. Percentage of all farms operated by tenants, 1930.  
(Source: U. S. Census.)

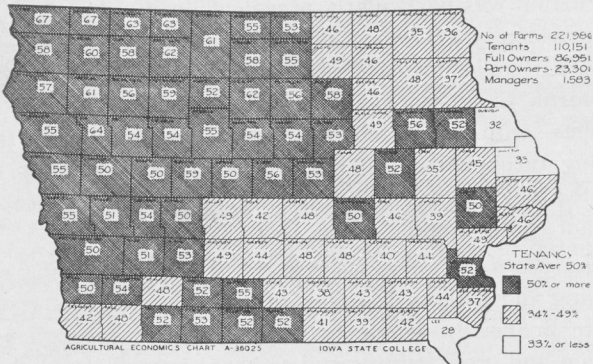


Fig. 6. Percentage of all farms operated by tenants, 1935.  
(Source: U. S. Census.)

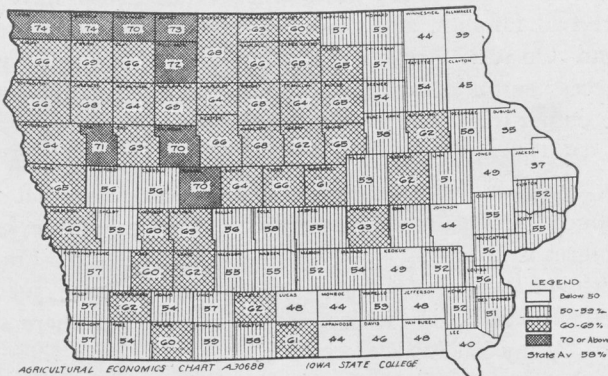


Fig. 7. Percentage of Iowa farm land rented by operators, by counties, 1935.  
(Source: Iowa Yearbook of Agriculture.)

consulted. They may be classified into two groups: Moves caused by the landlord, and those caused by the tenant.

### Moves Caused by Landlords

(1) Some landlords, because of lack of knowledge of farming in general and of what the farm is worth in particular, make *unreasonable demands* of the tenants, by charging excessive rents, demanding payment at inconvenient times, expecting the tenant to make major repairs without compensation and to content himself with inadequate improvements and a low living standard. If the tenant does not fulfill such demands, the landlord becomes dissatisfied and changes tenants, usually only to be disappointed again. Gradually his farm becomes poorer and so do his tenants. This situation was particularly prevalent during the recent drouth and depression years when even the most honest and efficient tenant often could not pay his cash rent on the grassland or the whole farm. The more progressive landlords made voluntary settlements with their tenants and cooperated with them in struggling through the lean years. But many landlords did not cooperate; they exacted fully their legal claims and squeezed land and tenant to the limit.

(2) *Landlords in financial distress*, dependent on the rent for their living and without reserves, often change tenants frequently. They are financially unable to help the tenant through years of depression and crop failures and to spare enough from their rent to keep the improvements in good repair and provide for necessary additions. There are years when even a good farm cannot support two families, and there are farms that cannot do so in any year. On such farms, a tenant cannot find the security which is so necessary for doing a good job of farming and for maintaining the output of a farm over a long period of years.

(3) The impending or actual *sale of the farm* often causes tenants to move. Several county committees stated that tenants on insurance company farms desire to find a private landlord whose farm is not likely to be on the market for some time. The instability of land ownership is an important cause for tenant changes, particularly in the northwestern and the southern sections of Iowa. Many landlords, even if in no hurry to sell their farms, want to be free to sell at any time and dislike to commit themselves for more than a year. The waiting for an attractive offer



costs many a landlord more than the profit he hopes for, as tenants under 1-year leases have no interest in maintaining the value of the farm.

### Moves Caused by Tenants

(4) *Keen competition* among tenants has introduced a serious form of instability. Particularly in the northwestern and southern parts of the state, more tenants are looking for farms than there are farms to go around. These tenants, desperately searching for a farm, bid the rent up, sometimes knowing they cannot live up to their promises. The bidding among tenants has resulted in unduly high cash rentals for grassland under crop share leases in the northwestern and southern parts of the state, thus further discouraging conservation.

(5) Some tenants *move to better farms*, better communities, or better landlords. If the landlord is unable or unwilling to keep the house and barn in good repair, make necessary improvements and grant the tenant a reasonable security of tenure, a good tenant will not stay with him for very long.

(6) Last, but perhaps not least, there are tenants who are *poor farmers*, negligent in their work, and some are even dishonest or shiftless by nature. They should be eliminated from farming altogether, or should work as hired men under close supervision. Some of them may have become so only in recent years as a result of the loss of property and hope and, if given a chance, would probably turn out to be good managers and reliable persons. Such

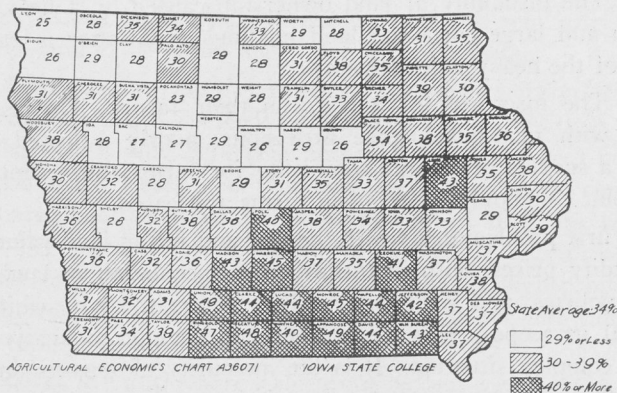


Fig. 8. Percentage of tenants on present farms for one year or less, at date of Jan. 1, 1935, by counties. (Source: U. S. Census.)

a chance, however, means nothing short of reasonable rental terms and an assurance to stay so that these tenants may become attached to the farm and develop a genuine interest in maintaining it.

To summarize: there are three important causes on the landlord's side and three on the tenant's side that result in a serious lack of security of tenure. Ignorance, financial distress and speculative land holding on the part of the landlords, and destructive competition, progress, and elimination of unfit tenants are the major forces which cause tenants to move. Only the last two facts mentioned are socially beneficial.

### INSTABILITY OF OWNERSHIP AND INSECURITY OF TENANTS

But aside from these specific causes for shifting tenancy, the county committees expressed the conviction that the fundamental cause is not an inevitable conflict between landlord and tenant, but a traditional tenure system, the improvement of which is beyond the control of either landlord or tenant individually. Tenants do not want to incur the expense and inconvenience of moving. Naturally they would like an opportunity to become a part of a prosperous community. Landlords, too, would generally prefer to have farmers on their property who have a genuine interest in maintaining and improving the farm.

There are two major unsolved land tenure problems:

(1) The instability of land ownership caused by a heavy debt burden and large corporate land holdings (the latter is partly a result of the heavy indebtedness);

(2) The insecurity of tenants on their farms. This is associated with inadequate lease provisions, poorly adjusted rental terms, a surplus of tenants competing for farms and a short-time viewpoint commonly taken when farms are leased.

The first problem deals with the rise and fall in land values and commodity prices, with investment and speculation in land, with credit policies, and with many other factors most of which are national in scope. This study does not attempt to analyze this highly complex situation. It is the insecurity of tenants on their farm, the causes and effects of such insecurity and the possible remedies, to which this study is devoted.

## TYPES OF LEASES

The county committees estimated that about 70 percent of all leases in the state are crop share, 10 percent stock share and 20 percent cash rent. The 1930 Census reports that 45 percent of all tenants were cash rent tenants. This change from 1930 to 1936 corresponds with the observation made in most counties that many cash rent leases have been changed to crop share leases during the depression. Some counties, particularly Cass County, have witnessed a drift back to cash rent leases during 1935 and 1936.

The popularity of lease types differs distinctly between various sections of the state. (See figs. 9 and 10.) The *cash rent* lease is most widely used in the Eastern Livestock Area, where 30 percent of all leases are estimated to be of this type. In Scott County cash leases comprise as much as 65 percent of all leases, and in Benton County 50 percent. This is the area of the oldest settlement in Iowa and also of the smallest climatic risk. Both these factors make for relatively greater stability in ownership and tenure, one of the main prerequisites for a successful use of the cash rent lease.

With regard to soil conservation, the cash rent lease is neutral. If the rent is reasonable and the tenant is assured of his stay, it is to his interest to keep the farm in good shape. If the rent is unreasonably high, and if the lease is for 1 year only and without renewal provisions, the tenant tends to squeeze the land to the utmost to meet his high cash rent. This is to say that it is not the character of the lease type, but the unduly high rent rate which results in land exploitation under the cash rent lease.

The Northeastern Dairy Area shows a high proportion of *stock share* leases. Here, 37 percent of all leases are of this type, while in the northwest only 2 percent and in the south only 5 percent are stock share leases. In Dubuque and Winneshiek counties, stock share leases comprise 50 and 45 percent of all leases, respectively. The intensive development of the cattle enterprise, for which the crop share lease is inadequate, and the high proportion of family-related tenants are mainly responsible for the wider use of the stock share lease in this area.

In general, the stock share lease promotes soil conservation more than any other lease type, since it definitely requires livestock farming, thus providing hay and pasture crops in the rotation and

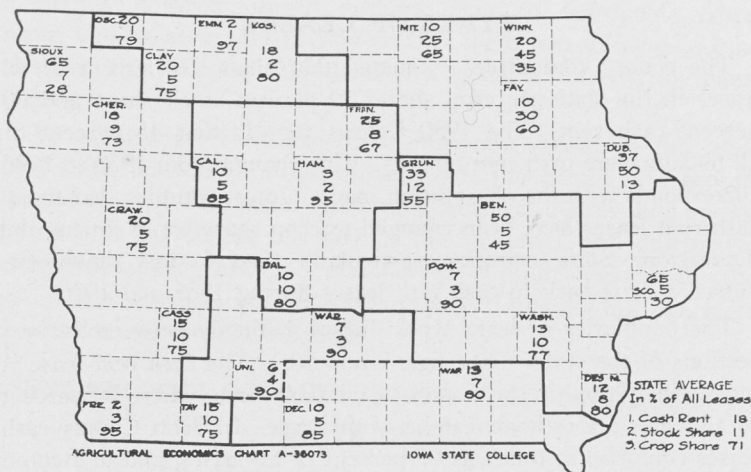


Fig. 9. Distribution of types of leases, by selected counties. (1936 estimate.)

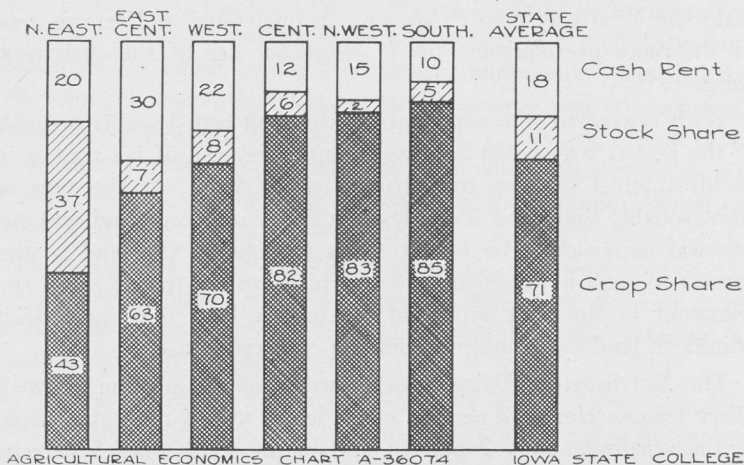


Fig. 10. Distribution of types of leases, by farming areas and for the state. (1936 estimate.)

manure for replenishing the nutrient and organic matter supply in the soil.

The *crop share* lease, however, is most important in almost all sections of the state, representing as many as 80 to 85 percent of all leases in the central and southern counties. It is the type of lease best adapted to cash grain farming and hog raising, that is, to short-time enterprises, and requires the least amount of capital



on the part of the tenant. It is the type of lease that lends itself best to exploitive farming.

Two features of the crop share lease accentuate the tendency toward exploitive farming: (1) Half of the crops are frequently removed from the farm as the landlord's share, definitely limiting the livestock on the farm, and (2) the cash rental rates for pasture and hay land under crop share leases are often unduly high, resulting in a maximum of land under the plow and a minimum of seedings of crop land to grasses and legumes.

Cases were mentioned, in some counties, of tenants plowing up good grass land and letting it lie idle in order to escape the high cash rent. That the cash rent for grassland under crop share leases often is higher than the productivity of the land justifies is because the bargaining between landlord and tenant and the bidding among competing tenants, and the value of buildings and other improvements are largely reflected in the grass rent. Since the division of crops is generally determined by custom it is rather inflexible. This puts a special pressure upon the acreage in hay and pasture and constitutes a very serious obstacle to soil conservation practices, particularly where soil and climate make legumes a hazardous crop, as in the southern area.

If the tenant could be encouraged to purchase the landlord's share of the crops and the rentals on grassland could be reduced, the exploitive effects of the crop share lease on the land would be substantially lessened.

Both crop share and cash rent leases need to be improved and adapted to the requirement of good farming and soil conservation. The improvement most needed in all lease types is to guarantee a worthy tenant the use of the farm for a reasonably long time.

### **LENGTH OF LEASES AND SECURITY OF STAY ON FARM**

Some farmers stress the fact that no lease can be better than the man. It is almost equally true, however, that no lease is better than its length, or the expected period of occupancy it implies.

The county committees consulted in this study recommend long-term leases as an important factor in the promotion of conservation and good farming. Long-term leases give tenants a genuine incentive to properly care for the land and the farm improvements. They provide an opportunity for the landlord and tenant to plan

crop programs for many years ahead, make it possible for both to share in the benefits of liming, seeding of legumes and erosion control. They encourage the tenant to increase his livestock and to make improvements with the consent or participation of the landlord. They eliminate uncertainty for the tenant as well as for the landlord and engender a more purposeful cooperation between the two. This kind of long-range planning of the farm business brings greater returns to both landlord and tenant and benefits community welfare, schools, churches and other social activities.

At present very few leases run longer than for 1 year. Stock share leases often are drawn for a period of 3 to 5 years, and some cash rent leases cover a similar period. But crop share leases are almost invariably drawn for only 1 year at a time.

Although many farmers strongly favor a more general adoption of long-term leases, they realize the difficulties involved. Several intermediate steps have been suggested that are worthy of serious consideration. The Osceola County committee suggested a *2-year lease with a 1-year notice* and continuation clause. This would enable the tenant to plan for a full year ahead of the current year. Grass seeding, weed control and manure spreading would be definitely encouraged by such an arrangement.

The Scott County committee suggested a *5-year lease with a trial period* of 1 year. This would reduce the risk involved in a long-time contract due to the lack of acquaintance and of mutual experience of landlord and tenant.

A high degree of security of tenure can be achieved without long-time leases, provided the tenant is allowed to improve the farm on his own initiative and his equity in such improvements is legally recognized. In England, for example, tenants enjoy high security of tenure under 1-year leases because they own a large portion of the permanent improvements on the farm and must be compensated for the unexhausted part of the improvements if they leave.

An important step in the direction of a more secure occupancy is the *automatic continuation clause* with a definite period of notice. This provision has the unqualified support of all county committees consulted. A lease drawn for 1 year "and continuing thereafter until notice is served by either party" prior to a specific date, not later than Aug. 1 and preferably July 1, would undoubtedly result in a greater stability of the leasing arrangement.



In fact most of the efficient and progressive landlords generally have at least an oral understanding with their tenants to that effect. The general adoption of such a provision clearly written into the lease would not mean a drastic departure from common practices and would bring the less efficient landlords in line with what the efficient landlords have found to be good policy. Particularly in areas where there is a surplus of tenants desperately bidding against each other, such a provision, if generally adopted, would have a very beneficial effect. A continuation clause with a reasonably long notification period is nothing but fair to the tenant and ultimately advantageous to the landlord.

### COMPENSATION FOR UNEXHAUSTED IMPROVEMENTS

Practically all representatives of the counties visited in this study favor and recommend some provisions in leases that would guarantee compensation to tenants for the unused portions of soil improvements, such as seed and lime, which the tenants have made.

Such a provision would be helpful in stimulating seeding of grass and application of lime where there is at present a deficiency. In actual practice, more than 40 percent of the landlords, it was estimated, do not furnish sufficient seed and lime. A compensation provision in the lease would give the tenant incentive to provide for seed and lime himself as he would be reimbursed if he should move before having reaped the full return from his investment. Such compensation should cover not only materials furnished by the tenant, but also special labor, such as building new fences, spreading lime, fall plowing, etc.

Moreover, a compensation provision would be effective in bringing about a more secure tenancy. In the first place it would give the tenant an incentive to build the farm up, to take more interest in land and improvements and to become attached to the farm. In the second place, the tenant would be protected from being moved by the landlord on the spur of the moment, or because of a higher rent offer from an outside tenant, since the landlord must compensate the old tenant for the unused parts of his investments in the farm if he is asked to leave.

It happens frequently that a thrifty tenant builds a place up and then the landlord "jumps" the rent on him, although the increase in the value of the farm is not the result of the landlord's but of

the tenant's effort. True enough, the landlord can get a higher rent from an outside tenant, but only because the present tenant has no legal claim to the rightful fruits of his investments and his efforts and can be sold out by the landlord to an outside bidder at any time. If effective compensation provisions were in use, the higher offer from an outside tenant might not be attractive to the landlord, as he would have to reimburse his present tenant for the very improvements which induce the outside tenant to offer a higher rent.

It is this aspect of the compensation clause which is likely to produce a more stable and secure tenancy. If such a provision were in effect generally, a 1-year lease with automatic continuation would have almost the same advantage for a progressive tenant as a long-term lease, while for a negligent tenant who made no improvements it would have no meaning since the landlord would be just as free to move him as he would be without the compensation provision.

### MINOR REPAIRS

About one-half of the county committees consulted believe it is advisable to provide in the lease that the tenant may make minor repairs and deduct the cost of materials from the rent. The landlord may specify a limit to the cost for such materials. This would eliminate delays in making repairs. Delays in even minor repairs on a dwelling or farm building can greatly inconvenience the tenant. Certainly a well-drawn and equitable lease should require the landlord to make necessary repairs promptly rather than leave the matter entirely to his discretion as most leases do at present.

### TENANT'S OPTION ON THE FARM

It has been suggested that landlords grant their tenants an option on the farm in case the farm is sold. If the tenant knows that he will be given preference when the farm is for sale, he is apt to develop a greater interest in the farm and its productivity. The landlord, on the other hand, will see in his tenant a prospective buyer of the farm and will be more willing to cooperate with him. Even though a wider use of such a provision may not have great immediate effects, its long-range psychological results would be beneficial.

### RENT ADJUSTMENTS

In many counties, because of drouth or low prices, much difficulty has arisen in connection with tenants who have been unable to pay in full the cash rent for a farm under a cash rent lease, or for hay and pasture land under a crop share lease.

Some landlords have been lenient with tenants and helped them over emergency years in a generous way, but others have been exacting or plainly unreasonable in the collection of rents.

The seriousness of the matter prompts many of the county committees to recommend consideration of some lease provisions that would permit rental adjustment in case of emergencies.

### LIMITATION OF LANDLORD'S LIEN

Many county committees believe it is advisable to limit to some extent the landlord in his effort to collect rent, especially where the default in rent payment is caused by emergencies beyond the control of the tenant. Some think it would be only fair to limit the landlord's lien on the tenants' property to an amount not exceeding the value of the annual farm increase in crops and livestock products. In principle, the landlord should be prevented from asking the tenant to waive his exemption rights under state law.

These limitations would encourage the landlord to be more careful in the selection of tenants and probably make it easier for the tenants to secure credit on reasonable terms for their farming operations. This, in turn, would enable them to expand the livestock enterprise which is essential for soil conservation in the more rolling sections of Iowa.

### LEASE PROVISIONS CONCERNING THE USE OF LAND

The majority of leases now in effect have provisions restricting the use of land. Usually they provide that no permanent grass sod be plowed up without the landlord's consent, that all noxious weeds must be controlled and that the land be handled in a workmanlike manner. These few provisions do not have much practical significance. Conversely, the leases of many insurance companies go to the other extreme specifying, on a plat attached to the lease, to what crop each field is to be put each year.

Most of the counties favor a middle road. Two-thirds of the counties suggest that a minimum acreage of legumes be specified

in the lease with a provision for modification subject to abnormal weather conditions. It is felt that such a provision would be especially desirable under cash rent leases where the tenant usually has a rather free hand in management. With a specified minimum acreage in grasses and legumes, a maximum limit for grain crops may not be necessary as a certain amount of grasses requires certain rotations and a corresponding livestock program. A general use of such a provision would undoubtedly enlarge the acreage in soil conserving crops and tend to finally establish permanency of this important method of conservation. If this provision is to represent more than a scrap of paper, the tenant must have an opportunity to utilize the increased grass acreage profitably. That is he must have a reasonable security of tenure, and the rent for the grassland must be in accord with its productive value.

### TYPES OF LANDLORDS

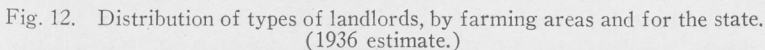
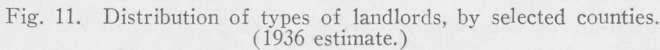
Since the landlord is distinctly the active party in setting the terms under which the farm is to be rented, the committees considered in some detail the types of landlords in their counties.

The proportions of the various types of landlords for the state as a whole were estimated approximately as follows: (See figs. 11 and 12.)

Tenants related to landlords.....	23 percent
Tenants of retired farmers.....	21 percent
Tenants of active farmers.....	10 percent
Tenants of widows and estates.....	12 percent
Tenants of business and professional men.....	14 percent
Tenants of loan companies.....	20 percent

Wide variations in these proportions are apparent between sections of the state. The Northeastern Dairy Area has by far the highest proportion of *tenants related* to the landlord, 35 percent, as compared with 18 percent in the northwestern area. Dubuque County is highest with 50 percent, Emmet County lowest with 6 percent. It is interesting to compare these figures with the proportion of stock share leases. (See fig. 9.) Here, too, Dubuque County is highest with 50 percent and Emmet County lowest with 1 percent.

In general, there are no serious tenancy problems on land that is operated by tenants related to their landlords. In most cases



Between areas the proportion of the *tenants of corporate landlords* (chiefly loan companies) varies from 15 percent in the east central to 29 percent in the northwestern and 30 percent in the southern part of the state. Emmet County in the north with 40



percent, Decatur County in the south with 50 percent, indicate the areas of concentration of corporate land ownership.

The farmers recognize the efforts of many loan companies to keep the land in good shape by liberally providing seed and in painting the buildings. But there can be no question as to the serious instability of tenure associated with large corporate holdings. Many good tenants on insurance company farms are trying to find a satisfactory farm owned by a private landlord who is not likely to sell the farm soon. The fact that any of these corporate-owned farms may be sold at any time necessarily gives the tenant, unless he is a prospective purchaser of that farm, a feeling of insecurity, as he cannot be expected to plan ahead for more than a year. Therefore, the company is often doing the planning for him. Although most loan companies have been good cooperators in the AAA programs, the conservation committees definitely sense the unsoundness of the situation which is largely due to the inherent instability of tenure on corporate land holdings.

*Business and professional men* are the landlords of 18 percent of the tenants in the northwest, of 8 percent of the tenants in the northeast. In this group are some of the best and some of the poorest landlords. In general, the farther away from the farm they live, the less efficiently they perform their functions as landlords. Many of them lack any farm background and have the philosophy of city people rather than of farmers.

*Active farmers* usually make good landlords. *Retired farmers* often do, too, but many of them are too old to understand the modern problems in agriculture. They remember the good old days of rising farm prices and land values and of almost virgin land cropped to corn year after year. They cannot understand why their tenants cannot do the same thing now and make a lot of money besides paying a comfortable rent. If they are dependent on the rent for their living they often have little concern for the future productivity of the land and squeeze it to the utmost. *Widows* rarely are efficient landlords, and *estate* farms operated by non-related tenants who have no interest in the family estate are often very poorly managed.

It becomes apparent from this discussion that the general adoption of improved lease provisions would have little effect on most related landlords and many active and retired farmer landlords as these groups generally are already doing a good job in



leasing their farms. They control, however, only about one-third of all tenants and in some sections much less than that. Therefore, adequate standard requirements in improved leasing practices would benefit roughly two-thirds or more of the rented land.

### **IMPROVEMENTS IN LEASING PRACTICES AND GENERAL TENURE CONDITIONS**

The most important suggestions for improvements in leasing practices may be summarized in a brief outline of lease provisions which, in the opinion of the county committees, would lead toward better landlord-tenant relations, greater security of tenure, and more effective conservation of farm land and improvements.

#### **A. LEASING ARRANGEMENTS INCREASING TENANT'S SECURITY OF STAY**

- (1) Longer lease terms.
- (2) Automatic continuation clause.
- (3) Six to eight months' period of notice.
- (4) Compensation for unexhausted improvements.
- (5) Reimbursement of tenant for minor repairs and special labor.
- (6) Tenant's option on farm in case of sale.
- (7) Limitation of landlord's lien.
- (8) Provision for cash rent adjustments during emergency periods.

#### **B. LEASING ARRANGEMENTS PROMOTING BETTER FARMING PRACTICES AND SOIL CONSERVATION**

- (1) More stock share leases.
- (2) Better crop share leases adapted to conservational crop rotation and more livestock farming.
  - (a) Rentals on grassland adjusted to its productive value.
  - (b) Encouraging tenant's purchase of landlord's share for feed.
- (3) Minimum acreage in grasses and legumes specified in lease.
- (4) Certain erosion control measures specified in lease.
- (5) Production credit to tenants on reasonable terms.
- (6) Furnishing tenant with adequate set of buildings.

In the course of the discussions held with the county committees, several suggestions were made regarding broader public policies which (in the opinion of some of the committees) would tend to improve the general tenure situation. Although these sug-

gestions were not discussed in detail and did not receive unanimous approval by the committeemen, they are mentioned here solely to throw them open to wide discussion throughout the country. The controversial nature of these proposals renders all the more desirable their thorough examination by many farmers and other citizens.

- (1) Encourage owner-operatorship by making cheap long-term credit available to operators only.
- (2) Discourage absentee landlords, including loan companies, from owning farm land by taxation or some other feasible means.
- (3) Control speculation in land values by a tax on speculative profits or some other feasible means.
- (4) Develop a better farm program which will stabilize farm product prices at a reasonably profitable level, through sealing of grain, crop insurance, crop acreage adjustments and any other feasible means.

The problem of land tenure is inextricably connected with the problem of soil conservation and a sound development of farm and rural community life. Under our present tenancy system, many tenants are under-privileged and have but little opportunity to do a good job of farming and become constructive members of the community. As one farmer phrased it: "Leases are all drawn for the landlord. There is not a thing in them for the tenant." Under the common leases the tenant is granted but a 1-year's use of the farm, just as if farming were a short-time business occupation, divorced from home, community and family life. How can a landlord expect his tenant to do anything else but exploit the land and neglect the improvements?

It is a challenging fact that in England and Wales where tenure conditions were very bad in the latter part of the last century, some progressive landlords led the fight for tenant rights in Parliament as well as out in the country. They were sufficiently broad-minded to sense the detrimental effect of unbalanced tenure relations on their own holdings. Shiftless and under-privileged tenants make poor neighborhoods, paralyze community development, spread weeds and plant diseases, and ultimately ruin land and rural institutions. This injures the value and attractiveness of the farms of the good landlords and owner-operators as much as it does those of the greedy or disinterested landlords.